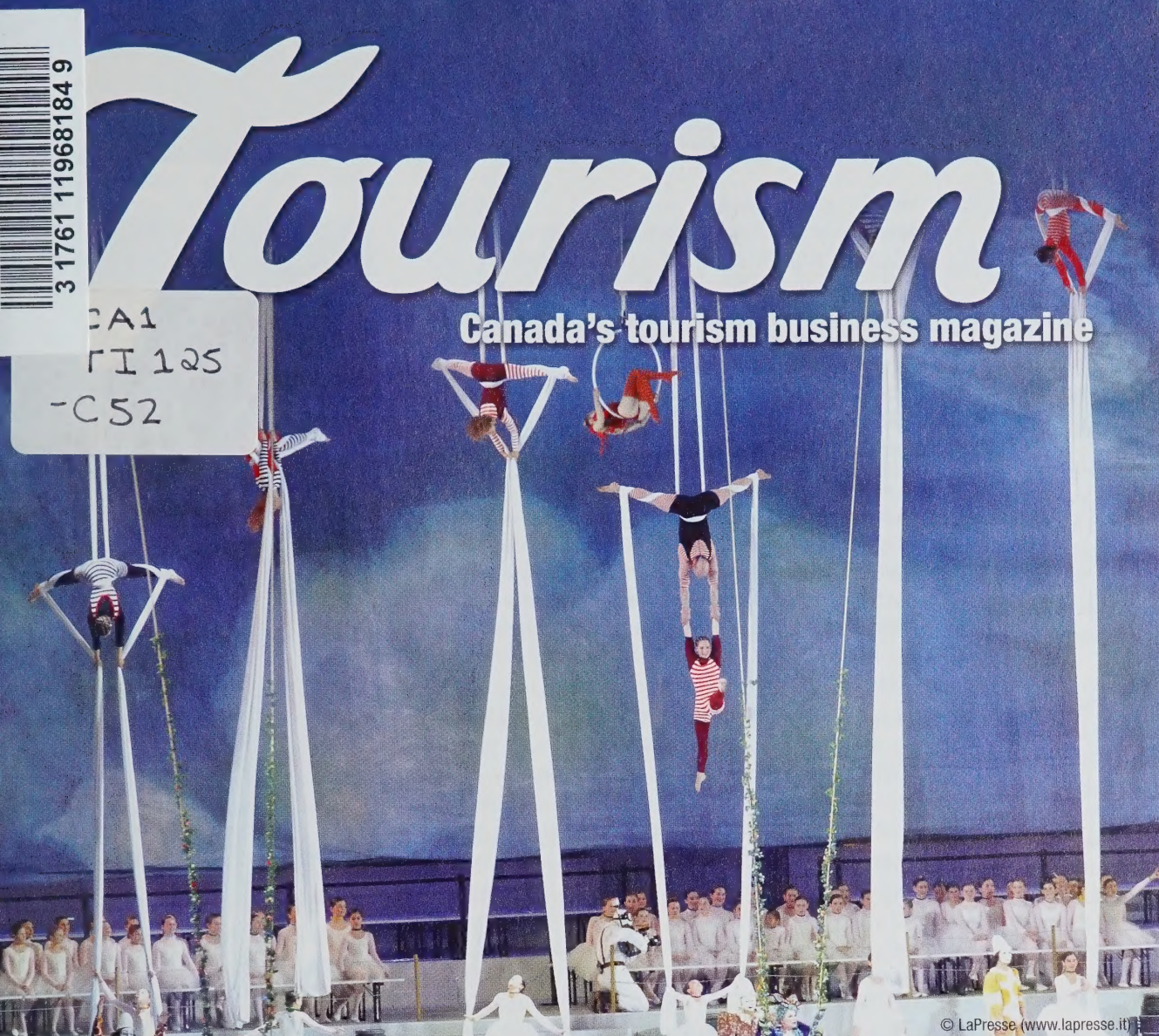


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# BUSINESS OUTLOOK

*The Short-Term Markets Outlook provides performance scenarios for Canada's major travel markets. A quarterly outlook of advance bookings and market intelligence is derived from the Destination Suppliers/Receptive Agent Business Outlook Survey (BO Survey). The Canadian Tourism Research Institute (CTRI), a division of The Conference Board of Canada, developed this survey on behalf of the Canadian Tourism Commission (CTC).*

*This article introduces a new feature – the Competitive Price Index (CPI) – complementing the traditional economic and travel overview provided in the Short-Term Markets Outlook. The CPI is calculated based on prices for airfares, hotels, meals and other costs incurred by visitors to Canada, compared against prices for competing destinations, and will serve as a valuable reference for tracking product pricing trends in key markets and monitoring Canada's relative competitiveness on a regular, ongoing basis. We have included the CPI for the US market; the full Short-Term Markets Outlook will be available on [CanadaTourism.com](http://CanadaTourism.com).*

## Visiting at home: Domestic outlook

The rebound in Canadian consumer confidence in the final months of 2005 appears to have provided travel confidence with a strong boost. The latest Travel Intentions Survey by the CTRI suggested that travel confidence bounced back to stable levels in December after dropping to record lows in the October 2005 survey.

BO Survey participants anticipate domestic travel will grow 4.5% overall in the second quarter of 2006, compared with a year earlier. Leisure travel is expected to expand 4%, bolstered by a 5.2% rise in group leisure bookings, while fully independent travel (FIT) bookings grow 3.8%. Business travel bookings are also expected to pick up, climbing 5% in the

second quarter of 2006. In fact, rising business travel demand, buoyed by improving economic conditions, is expected to help boost Canadian airfares, hotel rates and car rental rates this year.

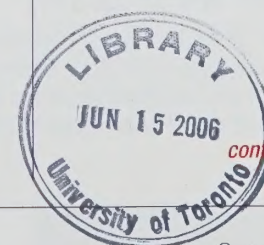
## Across the border: US market

Similar to the rebound seen in Canada, American consumer confidence overcame a number of challenges to end 2005 on a positive trend. Once energy prices stabilized and gasoline prices began to recede, US consumer confidence recovered to its highest level since the hurricanes struck the US Gulf Coast. After a particularly soft fall travel season, this boost in confidence helped improve American demand for winter travel. Looking ahead, however, higher energy prices—which are expected to dramatically boost heating bills this winter—combined with rising interest rates are reasons to be cautious about the outlook for US travel.

11 FINA  
dissected

## Applying the basics to brand and market

*Since joining the Canadian Tourism Commission (CTC), president and CEO Michele McKenzie has kept an open dialogue with the readers of TOURISM through a number of interviews. In March 2006, we spoke with McKenzie about two key issues she has been grappling with over the past year: the implementation of the new Brand Canada, and addressing a sliding US tourism market.*





## The Golden Girls' gift to Canada

### EDITORIAL

Well, not all the medals were gold – and some of the guys won medals too – but for some time to come, much of the world will be talking about all those attractive medal-winning female athletes from Canada. The passing of the Olympic flag to Vancouver at the close of the Torino 2006 Winter Games, coupled with the remarkable performance of our athletes, surely combine to be a marketer's dream if your product is Canada.

The first thing is to remember that it's not all about sports, or snow, or mountains. It's all about the word "Canada", being repeated over and over and over again at breakfast, lunch and dinner in households all over the globe. More than that, it is the word "Canada" being spoken in connection with words like "winner" and "exciting" and "beautiful". The four-year journey from Torino to Vancouver, laden with all that gold, goodwill and excitement, can do for Canada what the movie *Crocodile Dundee* did for Australia.

*Canada. Keep Exploring* indeed! Sometimes – all too rarely, we are apt to complain – the stars just line up in our favour in this remarkable little country of ours; it is as though our new brand statement was made for this moment. Every city and every remote corner of our nation has something to explore, and the world just became a whole lot more predisposed to consider exploring something – somewhere – in Canada, sooner rather than later.

And, every city and every corner of our country will have to carefully – and quickly – plan and execute a strategy to take advantage of this "golden" gift. It is an exercise in futility to engage in debates about the impact of the 2010 Olympics and how many tourists the event will bring to "my home town"; the tourists are out there, in much greater numbers than before, waiting only for your invitation.

As ever, the trick will be in closing the sale and delivering the experience. We cannot afford to wait for the statisticians and the gurus to report whether or not the investment in the 2010 Vancouver Olympics delivered the promised return on that investment; thanks in large part to the young people who made us so proud in Torino, it already has. **7**

## Tourism

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### ON THE COVER:

The 2010 Olympic Games have given Canadians a chance to show the world their true talents – both sporting and cultural. Members of Montréal's Cirque du Soleil performed at the closing ceremonies of the 2006 Winter Olympic Games in Turin; the ceremonies were broadcast to an estimated 3-billion viewers worldwide.

## CTC Board and Committee appointments



**Gordon MacInnis** has been appointed the regional private sector representative for New Brunswick and Prince Edward Island on the Canadian Tourism Commission (CTC) Board of Directors. MacInnis is president of Cavendish Management & Consulting Inc. and Cavendish Maples Cottages Inc.



**Christiane Germain** of Montréal joins the Board as national private sector member – at large. Germain is the president of the Groupe Germain, a Montréal company which converts office buildings into boutique hotels and manages them.



**Louise Pagé** (left), deputy minister at the ministère du Tourisme du Québec, has joined the Board as regional public sector representative for that province, and **Virginia Greene** (right), deputy minister of the BC Ministry of Tourism, Sport and the Arts, has joined as regional public sector representative for BC and Yukon.



**Stephen Pearce**, vice-president, sales and market development, for leisure travel at Tourism Vancouver, has been appointed Chair of the CTC Research Committee. Pearce has a long history of involvement with national tourism issues, serving most recently on the CTC's US Market Committee, the China National Working Group, and the brand development committee.

### Write to us – it's so EASY!

At *TOURISM*, we strive to provide you with information about tourism industry issues you want – and need – to know about. Is there more? Is there something you want to read about? Is there something you would like us to investigate? Write to us – it's so EASY! E-mail: [tourism@ctc-cct.ca](mailto:tourism@ctc-cct.ca), or call 604-638-8342.



*BO Survey* participants expect US visits to Canada to pick up slightly in the second quarter of 2006, expanding 2.6% compared with a year earlier. Group leisure travel is forecast to climb 2.2%, while fully independent travel rises 3%. As a result, overall leisure travel is expected to grow 2.8% during this period. Meanwhile, the outlook for US business travel to Canada has become slightly less optimistic: it is expected to grow 2% in the second quarter of 2006, compared with the previous year.

### Mexico: Growing potential

Mexican visits to Canada are expected to register solid growth over the near term. *BO Survey* participants expect leisure travel from Mexico to grow 6.7% during the second quarter of 2006, compared with the same quarter of 2005. Growth in FIT visits is expected to surge ahead, rising 8.8%, while group travel lags somewhat behind at 4%. According to various reports from the Mexican tourism industry, Canadian vacation destinations continue to grow in popularity among Mexican travellers. Fortunately, direct air capacity between Mexico and Canada is slated to increase significantly in the second quarter of 2006, which should help spur Mexican arrivals.

### The UK: Growth continues

The overall consensus in the British travel industry is that UK travel demand will remain on an upward trend over the near-term, despite less optimistic prospects for the UK economy. British vacationers are increasingly seeking experiences such as cultural destinations, wildlife breaks and locations that are off the beaten track. They are also becoming more willing to take longer haul flights to achieve these experiences. These trends have helped Canadian ski destinations lure a growing number of UK skiers away from traditional European ski destinations, and should contribute to further growth in UK visits to Canada overall.

*BO Survey* participants expect overall travel from the United Kingdom to expand by 3.4% in the second quarter of 2006, compared with a year earlier. Leisure travel is expected to expand 3.3%, bolstered by a 3.2% increase in fully independent travel and 3.6% growth in group leisure travel. Meanwhile, UK business travel to

## COMPETITIVE PRICE INDEX: US TRAVELLERS TO CANADA (US\$, BASED ON FOUR-NIGHT STAY)

| Competitive Destinations | Airfare (Round-Trip) | Hotel | Meals | Other Items | Total   | Index (Canada=100) |
|--------------------------|----------------------|-------|-------|-------------|---------|--------------------|
| Canada                   | \$937                | \$613 | \$336 | \$306       | \$2,192 | 100.0              |
| Atlantic Canada          | \$992                | \$548 | \$314 | \$306       | \$2,160 | 98.6               |
| Ontario/Quebec           | \$938                | \$677 | \$333 | \$306       | \$2,255 | 102.9              |
| Manitoba/Sask.           | \$1,090              | \$523 | \$326 | \$306       | \$2,245 | 102.4              |
| Alberta/BC               | \$906                | \$557 | \$352 | \$306       | \$2,121 | 96.8               |
| US (domestic)            | \$521                | \$553 | \$198 | \$406       | \$1,678 | 76.6               |

Sources: The Conference Board of Canada; U.S. General Services Administration; World Bank; International Air Transport Association (IATA); American Express Business Travel Monitor.

Canada is expected to continue growing at a slightly quicker pace, rising by 4% in the second quarter of 2006 compared with the previous year.

### France: Modest growth at best

France's sluggish economy, characterized by weakness in both consumer and business spending, is weighing down the outlook for the French travel market. Last year saw a continuation of the tourism recovery that began at the end of 2004, but growth has been modest at best. Moreover, there will be a slight reduction in direct air capacity between France and Canada during the spring travel quarter.

Nevertheless, *BO Survey* participants expect 4% growth in French visits to Canada in the second quarter of 2006. Independent travel is expected to increase 5.6%, while growth in group leisure travel continues to grow at a somewhat slower pace (2.5%). Consequently, overall leisure travel is expected to expand 4.2% during the period.

### Germany: FIT segment leads

After two years of recovery, German travel trends are expected to lose some steam in 2006. In particular, higher fuel prices and weaker consumer demand are taking their toll on long-haul travel. Despite the further depreciation of the euro, its relative strength compared with the Canadian and US dollars is encouraging Germans to travel to North America.

For the second quarter of 2006, *BO Survey* participants anticipate German visits to Canada will increase 3.8% compared with the same quarter of 2005. The FIT segment continues to lead growth expectations – it is expected to expand 4.4% during the period,

boosting growth in overall leisure travel to 3.9%. Expectations for group leisure travel are not quite as optimistic, with survey respondents expecting this segment to expand 3% during the quarter.

### Japan: Air capacity hinders growth

Optimism about the Japanese travel market has waned in recent months, even with the continued recovery of the Japanese economy. Canada's price competitiveness as a destination for Japanese travellers continues to fall because of the further depreciation of the Japanese yen vis-à-vis the Canadian dollar. In addition, the level of planned direct air capacity between Japan and Canada is slated to decline significantly in the spring travel quarter. On the whole, moderating conditions for Japanese travel to Canada have resulted in a much more subdued outlook for this market.

*BO Survey* participants anticipate Japanese visits to Canada will increase by a modest 1.4% in the second quarter of 2006 compared with the same quarter of 2005. The outlook for independent leisure travel (FIT) is much more optimistic than the outlook for group leisure travel (3.5% vs. 1.4%). As a result, growth in overall leisure travel will likely remain slim, at 1.9%. Business travel from Japan is expected to decline during the period, falling 1.5% compared with the previous year.

### South Korea: Tour operators see growth

*BO Survey* participants anticipate a 3.5% increase in arrivals from South Korea during the second quarter of 2006 compared with a year earlier. However, tour opera-

tors surveyed by the CTC's foreign office in Korea were much more optimistic, anticipating stellar growth in Canadian product sales for the spring travel season. The only significant concern identified was the depreciating value of the Korean won against the Canadian dollar, which has increased travel prices for Koreans coming to Canada. Nevertheless, Korean tour operators described their outlook for Korean visits to Canada as "very bright."

### China: Waiting for ADS

The outlook for the Chinese travel market remains upbeat, and will improve even further once Canada completes negotiations with China on Canada's status as an approved travel destination. Although there is a slight reduction in direct air capacity planned for the spring quarter, overall air access between China and Canada has increased substantially in recent quarters in anticipation of future growth. More significantly, the largest near-term expansion in air capacity is expected to come from Chinese branded airlines. Overall, favourable economic conditions and strong travel trends continue to support optimistic prospects for Canada's Chinese travel market.

For the second quarter of 2006, *BO Survey* participants expect solid growth in Chinese visits compared with the same quarter of 2005. Overall leisure travel is expected to rise 6.9% during this period, boosted by a 7.4% jump in fully independent leisure travel and a 6.7% increase in group travel bookings.

### Australia: Steady growth

*BO Survey* participants anticipate 4.9% growth in Australian travel to Canada during the spring travel season. Group leisure travel is expected to jump 6.7% during the second quarter of 2006, compared with the previous year, while fully independent travel increases 4.4%. A significant expansion in direct air capacity between Australia and Canada in the spring quarter should help spur growth in travel between the two countries. In addition, Canada's price competitiveness as a destination for Australian travellers has held up well, despite some recent depreciation of the Australian currency vis-à-vis the Canadian dollar. Overall, stable travel trends and economic conditions continue to support a positive outlook for the Australian travel market. **7**



## Profits edge higher, but so do concerns

### MARKET INTELLIGENCE

*The Tourism Intelligence Bulletin is produced by The Canadian Tourism Commission in conjunction with the Canadian Tourism Research Institute of The Conference Board of Canada. The following are excerpts from the March 2006 edition.*

The profitability of Canada's tourism industry improved considerably over the past year and is poised for further growth in 2006. However, two very different stories are buried in the top-line numbers: in 2005, domestic travel demand was the strongest it had been since 2000, but on the other hand, spending by international tourists in Canada was much more subdued, dragged down by a weakening US travel market.

The declining US market continues to overshadow progress made by the tourism industry in the last two years. Recent research has revealed that one of the main reasons behind the decline in US visits is a lack of awareness of what Canada has to offer. (See *Competing for America*, page 8.)

#### It could be all about passports

In mid-January, the US Department of Homeland Security announced an alternative secure travel document for land border crossings that meets the travel requirements of the Western Hemisphere Travel Initiative (WHTI). While the card is expected to be cheaper than a US passport, concerns remain

about the effects of additional documentation requirements on US visits in the coming years. Other challenges facing the Canadian tourism industry include the current strength of the Canadian dollar and the performance of the world economy.

#### Consumers

Business travel demand continues to strengthen, although North American travellers are slightly less optimistic than those from other regions of the world, according to the latest Carlson Wagonlit Travel business travel survey. Overall, most corporate travellers polled around the world expect their level of travel to either remain the same or increase this year. However, when broken down into regions, a smaller percentage of North American travellers (27%) expected an increase in business travel volumes, compared with the respondents from Latin American (50%), Asia-Pacific (44%) or Europe (32%). The top concern among travel managers in every region was cost-savings in line with the expectations of top-level corporate leadership. Another finding worthy of attention: most North American respondents believe that virtually all corporate travel bookings will be made online within the next five years.

#### Travel Suppliers

The Canadian hotel industry has been experiencing solid growth in domestic travel demand, especially in the business travel segment. This has enabled average daily

rates to continue appreciating, driving growth in overall revenues. The Conference Board's *Canada's Tourism Industry: Industrial Outlook Winter 2006* reported that Canadian lodging revenues grew 3.8% in 2005 compared with the previous year. Revenues are expected to grow a further 4.2% in 2006 as average daily rates continue to climb.

#### Economic Overview

American consumers are upbeat about their future, which is good news for the North American economy. Economic growth in North America is expected to reach 3.4% this year, slightly behind the rate of growth for 2005.

And – finally – the European economy is showing signs of improving, largely because Germany seems to be out of its slump for the moment. Following a dismal 2005 when German domestic demand actually declined, consumers are expected to bounce back this year, although two factors are still weighing down consumer demand throughout most of the European economy: rising interest rates, and slower growth in hourly wages (in some cases even below the rate of inflation).

Across the Pacific Ocean, there are some positive trends. There have been very positive signals from the Japanese economy over the past several months; for years, the country has suffered from weak consumer spending caused by deflation, but consumer prices are expected to increase this year,

giving domestic demand a much needed boost. And China – already the world's fourth largest economy – is poised for another year of economic growth at around 9%. Overall, growth in the Asia-Pacific region is expected to reach 3.9% in 2006.

#### Opportunities

A recent survey of Canadian travellers by the Hotel Association of Canada and GPC Public Affairs revealed the features that Canadians are looking for—and are willing to pay a premium for—in their hotel accommodations. The survey results also indicated that 67% of Canadians polled planned to take at least one trip involving a hotel stay this year, a 10% increase from the 2005 survey.

Meanwhile, a new study by WebSideStory, Inc. suggests that search engine marketing has a much higher chance of converting internet browsers into buyers than other forms of online marketing. According to an article on HotelMarketing.com, the study showed that the conversion rate (the percentage of viewers who actually purchase a product) of consumers accessing websites through search sites was 2.3%—twice as high as other types of online marketing (such as banner ads or shopping search sites, which had a conversion rate of less than 1%). The conversion rate was even higher (4.23%) for consumers who access a company's website directly (by typing in the address or by using a bookmark). The article noted that businesses have focused a great deal of attention on search engine marketing in recent years because it is "successful at producing buyers." **T**

## Canadians plan to travel this year

The second annual *Canadian Business and Leisure Travel Intentions Study* conducted by the Hotel Association of Canada has found 67% of all Canadians plan to travel in 2006, up 10% over 2005, with significant gains in Alberta reflecting that province's robust economy. In every province except PEI, Manitoba and Saskatchewan, vacationers will be travelling more in their own province. (More than 60% of British Columbians and Quebecers like to vacation in their own province.) Other points highlighted by the GPC Public Affairs survey show:

- Long family vacations are a thing of the past, with 62% of Canadians saying they will take a long weekend holiday in 2006.
- Albertans are the highest users of the internet as a source of travel information.
- The car remains the most popular mode of transportation for leisure travellers at 75% followed by air at 19%, bus at 4% and train at 3%. However, 34% of Atlantic Canadians go by air, 7% of Quebecers take the bus and 5% of Ontarians take the train.

- 50% of all leisure lodging reservations are made by telephone and 29% are made on the internet (up 5% over last year).
- Leisure travellers are looking for friendly service and will pay more for it, as well as lodgings with a restaurant and pool, that are close to attractions.
- Faced with similar trade-offs, business travellers value proximity to their work above anything else, and will pay significantly for it.
- 44% of business reservations are made on the telephone, 26% on the internet and 11% by travel agents. Internet reservations are up 8% over last year in the business market.
- Women travellers value safety and security when they stay at hotels, including such items as numberless keys, a women's-only floor, and someone from the hotel walking them to parking facilities.

*GPC Public Affairs conducted the survey from December 12-20 among 2007 Canadians in order to identify 1500 "likely travellers" with a margin of error of +/- 2.2%. GPC specializes in strategic communications, government relations and opinion research. Contact: Tony Pollard, president, Hotel Association of Canada (pollard@hotelassociation.ca). **T***



# Reaching travellers online

by Anna Pollock

This is the first of three articles looking at how travellers are increasingly using the internet to plan and book travel. Two major studies on this subject were published late in 2005: *Travellers' Use of the Internet (2005 Edition)* published by the Travel Industry Association of America (TIA), and Phocus Wright's *Online Travel Overview (Fifth Edition)*. This column summarizes the highlights of the TIA study.

## The Online Travel Planner – those who look.

Just over 120 million adult Americans use the internet and, of these, 84% are travellers – they have taken at least one trip of 50 miles or more away from home in the previous year.

Of 101.3 million travellers who use the internet, some 78% (equivalent to 79 million Americans) can be described as online travel planners, since they consulted the internet to get travel and destination information.

The most popular online sources of travel information in 2005 were online travel agencies such as Expedia and Yahoo (67%); search engine sites (64%); travel company sites (54%) and destination sites (46%). One in three online planners checked websites and then called a supplier's toll-free number.

Most online planners (69%) use other offline planning sources as well, of which the popular sources are peer referrals and recommendations (65%); travel guides, books and magazines (38%); direct calls made to the airline, hotel or car company (35%) and calls to travel agents (31%). Only 8% used television advertising as a source of information.

The most popular planning activities conducted on the internet are: searching for maps and driving directions (50.6 million); searching for airfares (49 million) and looking for places to stay (48 million). From a destination perspective, it is interesting to note that over 22 million Americans also searched for places to go, researched travel packages and searched local event calendars.

## The Online Travel Booker – those that buy

In 2005 the share of online travel planners who also book travel continued to grow, with 82% of planners making a reservation or purchase. In America today, there are some 64.8 million online travel bookers; four in ten of these claim to be influenced by the brand of the travel vendor and three-quarters are using the internet to do at least half of their booking.

The purchase of airline tickets continues to dominate the booking activity (36 million Americans purchased at least one airline ticket in 2005), closely followed by accommodation reservations (32 million). Ticket sales for all kinds of events and attractions are also showing steady growth. While the major online travel agencies attract the most online bookers (29.6 million Americans used either Expedia, Travelocity and Priceline at least once in 2005), search engine sites experienced the fastest growth (from 11.6 million bookers in 2004 to 18.7 million in 2005) closely followed by destination sites – up to 12.6 million bookers.

Of those who book travel online, the majority are women (57%); just under half are aged 35-54, and 41% enjoy household incomes in excess of \$75,000.

The use of the internet for travel planning is increasing rapidly among senior members of the community – in 2005 some 71% of travellers aged over 55 used the internet to plan trips, compared to 59% three years previously.

E-mail marketing is pervasive in the travel industry and appears to be working, with 12% of all online travellers claiming that they had taken a trip they would otherwise not have taken based on an e-mailed travel promotion, discount or offer.

Next month, we will look at similar data for the European market. The concluding article in this series will highlight some of the deeper trends and innovations occurring in online travel distribution. Readers wanting the most current and insightful information about marketing travel online shouldn't miss the forthcoming Canadian Tourism Commission event: Online Revealed Canada. (See *Conferences will address the world of e-commerce* in this issue.)

Anna Pollock is vice-president, strategy, at the Canadian Tourism Commission. Contact: pollock.anna@ctc-cct.ca. 7

## A monthly guide to travel & tourism data

| Tourism Activity                           | Reference Period    | Quantity  | % Change from previous year |
|--|---------------------|-----------|-----------------------------|
| <b>Tourists to Canada</b>                  |                     |           |                             |
| From the U.S. - Total                      | January 2006        | 555,251   | -5.1                        |
| By Auto                                    | January 2006        | 319,928   | -3.2                        |
| By Non-auto                                | January 2006        | 235,323   | -7.7                        |
| From Overseas - Total                      | January 2006        | 201,322   | 8.5                         |
| United Kingdom                             | January 2006        | 36,837    | 1.0                         |
| Japan                                      | January 2006        | 17,317    | 5.8                         |
| France                                     | January 2006        | 17,370    | 6.7                         |
| Germany                                    | January 2006        | 10,493    | 2.6                         |
| China                                      | January 2006        | 6,860     | 9.3                         |
| Australia                                  | January 2006        | 12,731    | -13.2                       |
| Mexico                                     | January 2006        | 9,443     | 37.8                        |
| Korea (South)                              | January 2006        | 12,258    | 3.8                         |
| <b>Outbound Canadian Tourists</b>          |                     |           |                             |
| To the U.S. - Total                        | January 2006        | 1,083,207 | 11.2                        |
| By Auto                                    | January 2006        | 519,891   | 15.2                        |
| By Non-Auto                                | January 2006        | 563,316   | 7.6                         |
| To Overseas - Total                        | January 2006        | 768,192   | 3.4                         |
| <b>Employment in Tourism</b>               |                     |           |                             |
| Total Activities                           | Third Quarter, 2005 | 651,900   | 1.2                         |
| Accommodation                              | Third Quarter, 2005 | 173,900   | 2.1                         |
| Food and Beverage                          | Third Quarter, 2005 | 150,400   | 0.9                         |
| Transportation                             | Third Quarter, 2005 | 85,900    | 0.8                         |
| <b>Selected Economic Indicators</b>        |                     |           |                             |
| Personal Disposable Income per person (\$) | Third Quarter, 2005 | 24,266    | 1.3                         |
| GDP at market prices (current, \$ billion) | Third Quarter, 2005 | 1,385.9   | 2.8                         |
| GDP chained (1997, \$ billion)             | Third Quarter, 2005 | 1,162.9   | 0.9                         |
| CPI (1992=100)                             | February 2006       | 128.8     | 2.2                         |
| <b>Exchange Rates (in Cdn\$)</b>           |                     |           |                             |
| American dollar                            | February 2006       | 1.1489    | -7.3                        |
| British pound                              | February 2006       | 2.0079    | -14.2                       |
| Japanese yen                               | February 2006       | 0.0097    | -17.8                       |
| EURO                                       | February 2006       | 1.3716    | -15.0                       |

**Note:** All tourist estimates deal with trips of one or more nights; all data on this table is not seasonally adjusted except for the GDP at market prices and the GDP chained.

**Source:** Statistics Canada and the Bank of Canada

## Overseas travel to Canada highest since 2000

Same-day car travel by Americans to Canada rose 1.5% in December (about 1.3 million Americans made same-day car trips, the highest figure since June).

Overnight trips to Canada from the United States dropped 1.7% compared to November, with all main modes of travel declining. Although this contributed to an annual decline of 4.6% from 2004, the number of overnight trips by Americans to Canada was still higher than in 2003.

Overseas numbers present a brighter picture; an estimated 381,000 residents from overseas countries travelled to Canada (up 0.3% from November) and overall, 4.5 million trips were made to Canada in 2005, the highest level since 2000. Among the top overseas countries for visitors to Canada, China recorded the largest annual increase at 14.8%. Our largest overseas market, the United Kingdom, also increased 8.8% as more than 900,000 visitors came to Canada in 2005. The number of visitors from Australia rose 13.0% in 2005 to cross the 200,000 mark for the first time. 7



## Online Revealed Campaign management

by Jens Thraenhart

There is nothing to hide, no technical jargon to befuddle you: campaign management is exactly what it sounds like – and it sounds like something we've all been doing for years. So what's the fuss? We have all been managing our own marketing campaigns (here in the Canadian Tourism Commission (CTC), or as tourism businesses) with varying degrees of success over the years. And as the saying goes: if it ain't broke, why fix it?

Well, what if I told you it can work better? Is that reason enough? Over the next two months I will attempt to answer these questions from the perspective of the CTC, and explain how it is that you – as a tourism enterprise – can utilize campaign management tools for your own marketing efforts, either on your own or in partnership.

The fact is that campaign management, and more specifically automated campaign management (CM), provides so much more than just a basic tracking tool. It is an extension of customer relationship management (*see* TOURISM Online, April 2005). When properly implemented, automated CM can be used to launch, change and re-deliver campaign materials, calculate the return on investment, streamline your marketing activities, profile customers and allow

more flexibility in your campaigns.

From the CTC's perspective, this is a set of tools with which to refine communications with travel consumers while building our knowledge and understanding of them. As I mentioned in previous columns, the "currency" at the CTC will be data; just as one would with the stock market, we are now better informed and therefore better able to invest our currency to generate more in return.

Prior to the automation of CM there was no central place in an organization where management could see every aspect of a campaign – creative, timing, results, current status – and each aspect had to be "actioned" manually. For example, on a launch day, a reminder would be sent to management, then a call to the advertising company – which contacts the web company – which sends the distribution list to the fulfilment house – which then actually launches the content. With an automated system, all the details are handled in one location with a simple, coordinated production and delivery system.

The cost-savings are substantial and the final product is far better than it once was. The design and delivery to reach 50,000 customers with an e-mail campaign could easily run into the tens of thousands. In the past the CTC would launch

a marketing effort and then be forced to wait for months to see the results, and if an ad was under-performing there was little that could be done. With an effective CM system this can be remedied in one-third of that amount (both time and expense). By monitoring the status of the campaign in near real-time it is easy to see how consumers are interacting with the creative, what content is working and what should perhaps be changed. Making the necessary adjustments can be handled at low-cost and quickly, making an entire campaign flexible to the demands of the target market.

Further to the actual campaign itself, CM will turn marketing communications into a two-way street. No longer will you only be feeding information to the consumer but you will receive a great deal in return. The automation of e-mail, web and in some degree print campaigns not only allows you to track how a customer interacts with your creative but also allows you to create customer profiles. Take an e-mail blast for a recent high-end fishing campaign as an example. In addition to tracking "e-mail bounce backs", who opened, and so on, it is possible with a CM platform to determine which link a recipient clicked on, whether for salmon fishing in BC, walleye fishing in Northern Saskatchewan or trout fishing in Quebec. Maybe a link about family fishing trips grabbed their attention. All of this information is added to their profile, giving the CTC feedback on our consumer base and allowing a more targeted message on follow-up.

Add a simple online poll: "When were you last on a fishing trip in Canada?", and the information keeps on flowing. The profile will be filed under past visitors, Canada traveller, fishing / soft adventure and so on. Should the CTC wish to send a campaign inviting past visitors to "Visit Canada again" this contact will receive the correspondence. Subscribers to printed material (such as the Pure Canada brochure) can be segmented in a similar fashion and added to the database.

Now imagine, if you will, all of the CTC's consumer profiles, customer knowledge, marketing know-how and website content being managed from a single platform. The advantages are many: for the first time the CTC will be able to create and launch a *personalized* product-specific campaign to a selected audience while tracking customer reactions and adjusting those aspects which may be under-performing, all the while receiving consumer feedback and building the strength of the customer database. And this is just the tip of the iceberg!

Automated campaign management is a powerful tool, and as such it requires careful planning in order to maximize the benefits. This is a challenging situation for small businesses to tackle but there are options available.

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## Conferences will address the world of e-commerce

The world-wide-web continues to shape the way business is conducted, whether across the globe, across the country or across town. As travel consumers move in increasing numbers to online sources for researching and booking travel experiences, it becomes increasingly important that the small-business owners be prepared to move with them. Both the Travel Industry Association of America (TIA) and the Canadian Tourism Commission (CTC) have realized this, and are working to ensure their respective industries are up to speed.

"The internet and e-commerce are continually influencing the tourism and travel industries," states Jens Thraenhart, executive director, marketing strategy and customer relationship management at the CTC. "To be truly competitive and aggressive in today's marketplace, every sales and marketing professional in the travel and hospitality industry needs to have an arsenal of knowledge and understanding to maximize effectiveness."

The CTC will host Online Revealed Canada to set the pace for the future of search optimization and online marketing in the Canadian tourism industry. The event will kick off on May 15, 2006 with an e-marketing summit for invited representatives of provincial and destination tourism marketing organizations, and then move into interactive sessions and panels open to all hospitality industry professionals on May 16 and 17. Online Revealed Canada is set to become an annual event. Web support can be found on [www.onlinerevealedcanada.com](http://www.onlinerevealedcanada.com).

Across the border, TIA has also announced a groundbreaking event for the travel industry: TravelCom 2006 has a full schedule of technology experts and renowned speakers over a three-day event (April 17-19). The discussions and workshops apply to both online and offline travel firms in the areas of e-commerce, online marketing, distribution strategies, customer service, CRM (customer relationship management) and emerging technologies. In addition to TravelCom 2006, TIA releases a bi-weekly report on the latest developments in e-marketing, distribution and research. For more information on TravelCom 2006 visit [www.tia.org](http://www.tia.org). 7

**Market Canada**  
**Online Travel Conference**



continued from page 1

**TOURISM:** *The new brand was launched almost a year ago; how are we coming along with the implementation process?*

**McKenzie:** The short answer is, "we're into the tough slugging now." Of course, the "fun" part of brand development is always in the process – the consultative process, the collaborative process, and the creative process – to research and develop (what is in our case) a refreshed brand. The tough work, however, is always in the execution: integrating the brand with all elements of what we do, and working effectively to accomplish that with our partners.

One of the things that distinguish this branding exercise from our previous efforts is that we are not asking our partners to fit into some "creative template" which we have come up with. What we are really doing is *positioning* Canada in the realm of exploration, and then asking only that partners try to be aligned with the *essence* of that brand.

Some partners are adopting messages using the word *explore* – and some are not! Using the word "explore" is not required, of course; what we are trying to do is make sure all Canadian tourism marketers share a common understanding of that essence of what we are selling to the world. An example which I think is really quite exciting is the new campaign work that is being done by Newfoundland and Labrador. It is perfectly "in sync" with the idea of the *Keep Exploring* brand, but it doesn't look like it's all part of one campaign. It's not – but what the province is putting out there in terms of messaging is certainly in support of the *Keep Exploring* positioning for all of Canada.

So, overall, we are working with various partners across the country in their brand development and execution. They have been asking us for input into how they might align their creative approaches more effectively with the new brand, and those discussions have been going very well. Brand integration is indeed an ongoing process; while we have the refreshed brand fully launched in Europe, for instance, we are still working on brand integration with what we do in the US market, where we found we had more work to do to cut through the level of competition.

**TOURISM:** *How do we connect all of this to real-time and real-cash progress for the industry?*

**McKenzie:** Overall, the process of working on brand integration at the provincial, territorial and city destination marketing level is really what we are focusing on in 2006. What people are waiting for – especially at the individual enterprise level – is for us to launch some of the specific components of our brand implementation work. The new approach to using the internet is a big part of that; there is a lot of anticipation around some of the tools we will be using to engage potential customers in a discussion about Canada and bring them closer to the product. This will be rolling out in phases, like the launch of the *What is your Explorer Quotient?* quiz in May, and I get a sense from many of the presentations I have been making that the excitement about the brand is more about these customer-to-product and customer-to-sale components than around how provincial and other destination marketing organizations are actually integrating with Brand Canada.

When I speak to industry, what they want to know is "what's in it for me?" For the average small enterprise in Canada, what's in it for them will be the functionality of the new web approach which drive business directly to their product.

**... the process of working on brand integration at the provincial, territorial and city destination marketing level is really what we are focusing on in 2006.**

When our new internet functionality (through the *Explorer Quotient* quiz for example) develops profiles of customers who are interested in, say, culture, and cuisine, and Native art... we would be able to use our product database to present them with ideas of specific experiences they could have in Canada. This ability to offer specific products to people who have identified themselves – by their own internet activity – as having a specific interest in those types of products, is very powerful.

**TOURISM:** *Let's follow up briefly on the recent study of the US leisure market. Collectively, Canada spends a lot of money in the US market; how do we find ways to add focus to our messages to maximize potential yields, regardless of what Canadian destination is under consideration?*

**McKenzie:** What we are trying to do in 2006 is address some of the basics in the recommendations from the study, and then focus on making some more substantive changes in 2007. The study does indeed challenge us to look at how we actually execute some of our marketing collectively.

One of the findings from the study identified that Canada's share of voice in the US is very small relative to our competition, because of our competitors' level of marketing investment. This is where the issue of marketing execution comes in: one of the recommendations from the research is to find ways to better lever the investment we make collectively to address this. We launched a discussion about this with our partners at a meeting in February and I will be following up with a forum of destination managers in April.

On one hand, we are trying to make sure people understand Canada as a leisure destination where you can spend a lot of time and do a lot of different things. However, we also have a lot of messages in the marketplace positioning Canada as a short-term or getaway destination. Do these messages compete with one another? Researchers also raised the issue of marketing images (other than those directed at specific niche markets) that could be too outdoor focused, too intimidating perhaps, for some of the customers we want to target.

So, without trying to change anyone's core creative material, we really need to look closely at how we can avoid sending "mixed" messages that may compete with our broader tourism goals. There is indeed much to be learned from the study, and we presented all



Michele McKenzie

of this at the February meeting. There was a strong willingness to take a look at these issues, and people saw some opportunities for 2006 – particularly for media and public relations – with deeper changes to come in 2007.

One of the things I feel the study really pointed out is the tremendous growth potential for us in the medium to long-haul markets in the US; we have a wonderful opportunity in those markets to generate excellent return on investment. We also learned about the perils of point-in-time messaging: the message that worked so well for us after 9/11, promoting Canada as a safe, friendly, "just like home" destination for Americans, now comes back to haunt us! If Americans see us as just like home, why would they leave home to come here at all?

We have to go back to the basics of good marketing: we must identify our unique selling proposition, and promote that which makes Canada a compelling destination to visit – *now!*

**TOURISM:** *Thank-you!* 7

## McKenzie on the China market

**TOURISM:** *A recent study looks at the impact of Canada being granted Approved Destination Status (ADS) by the Chinese government; one issue that receives a cautionary note is product. Do you see a problem as we gear up for the ADS group tour market?*

**McKenzie:** I think we need to focus on several factors that surround group travel from China. Canada currently has been granted ADS – subject to detailed negotiations. What that means is, until these negotiations are complete we are not able to receive group tours from China. Also, without ADS there are restrictions on how we market Canada as a leisure destination in China.

Once ADS is fully negotiated, we will be able to receive group travel to complement the growing number of higher yield FIT, FVR, business and MC&IT traffic into Canada. Our office in Beijing is working to create a stronger general awareness of Canadian product by working to build relationships with key industry suppliers and travel agents.

In 2005, Canada received over 117,000 visitors – a 15.32% growth over 2004 – out of the China market and we are expecting continued strong growth.



# Competing for America

The findings of market research commissioned by the US Leisure Taskforce have proven beneficial for both the Canadian Tourism Commission (CTC) and the industry. The key findings will assist with strategy development, and industry must react appropriately if it is to succeed in this market; thus the evolution of the US 2006 US leisure market strategy.

While it is important to remember this strategy is a work-in-progress, a number of strategic thrusts have been adjusted to address the strengths (and weaknesses) identified in DK Shifflet and Associates' research. Primary among those are what Chrétien refers to as the "guiding principles":

- Focus on reaching those high yield customers with the greatest propensity to travel to Canada. They will provide a greater return on investment than those segments which tend to travel less, travel for shorter periods of time, and spend less.
- Understand the travel motivators and behaviours of these customer segments, communicating to them with the right messages – in the right media – to compel

them to choose Canada for their next vacation.

- Leverage customers as partners and as a channel to drive "trial" with new potential customers.
- Engage the tourism businesses to adapt their own strategies to respond to the opportunities identified by the research.

"A shift from previous strategies – and this is a result of the research findings – is the segmentation of our customer base," explains Chrétien. "Research has given us a much greater insight into our customers and revealed some rather specific information regarding travel motivation and perceptions of Canada. We are now working to identify the key messages to address these."

From the research, the US Taskforce found it possible to draw a correlation between markets of origin, customer segments and yield. Breaking the US Leisure market into segments, and again into previous Canada visitors and new potential visitors segments, allows the CTC to refine its marketing even further.

- Previous travellers hold 27% of the total share of value of the outbound travelling public and

represent 10.5 million person stays and \$5.5 billion USD in revenue. They have the highest level of awareness and a high satisfaction rating for their vacation in Canada and are already positively inclined to travel here. The CTC has identified a strategy to focus on opportunities that result in the greatest potential return on investment in previous travellers from mid and southern US markets in the 35 to 54 age range and 55+ age range, no children.

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**"We need to focus on the right customer, with the right message through the right channels."**

**Siobhan Chrétien,  
CTC executive director,  
US Leisure market**

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- Travellers who have not been to Canada in the previous five years hold the greatest upside potential, representing 73% of the share of value, 11.8 million person stays and a potential pool of spending of \$14.7 billion USD. The objective is to get this group

to trial and then reach them for repeat visitation. The greatest opportunity lies in reaching the 35-54 year old with no children and the 18-34 year old with no children in the mid-US. The southern US markets have a high potential with 35-54, 55+ year old, no children.

Marketing activities will be supported by the new Brand Canada creative, the new web strategy, and an increased effort to involve both media and public relations activities. Research indicates the articulation of the Canada Brand promise needs to avoid some elements that have been common over the past few years – the "neighbour next door" and a "rugged outdoor, similar to home and a simple getaway" – which no longer resonate with the American traveller looking for unique, exotic and authentic destinations. As a result of much greater competition and choice, the brand must break through to create shelf space for Canada.

The 2006 US Leisure Market strategy remains a work-in-progress. With such a vital market for Canada's tourism industry, it is crucial that marketing efforts remain dynamic and responsive to consumer demand and – all too often – world events. The strategy will be expanded in the weeks ahead as the CTC rolls out the tactical plan. Industry meetings will follow, along with further details in future columns. **T**

## Competition fierce for burgeoning Chinese market

### EMERGING MARKETS



Although the World Tourism Organization (WTO) expects China to become the fourth largest source of tourists in the world by 2020 – generating as many as 100 million outbound tourists annually – competition for that market is already fierce. A growing list of countries granted Approved Destination Status (ADS) by the Chinese government (which restricts outbound travel to non-ADS countries), along with many destinations eager to obtain ADS from China in the future, will almost certainly give planners and marketers pause for thought as they plot strategies to

reap the promised harvest of China's new prominence on the world's economic stage.

In December 2005, the Canadian Tourism Research Institute prepared a report (*The Potential Impact of Approved Destination Status from China on Canada's Tourism Industry*) for the Canadian Tourism Commission (CTC). The study examined the potential impact of ADS on Canada's tourism sector over the medium to long-term under a variety of scenarios. (Research conducted by the CTC in September, 2005 had identified many of the key issues and challenges in countries that have already been granted ADS.)

Through a targeted survey, select members and participants in the CTC's China National Working Group rated the importance of key issues for both attracting and sustaining Chinese ADS visitors over the medium to long-term. In

addition, respondents provided feedback regarding Canada's expected performance on these issues.

Respondents indicated that the most critical issue affecting Chinese travel to Canada once ADS is achieved is the ease and speed by which potential Chinese visitors are able to obtain visas. The issue provoking the most mixed response was how quickly Canada would be able to capitalize on the eventual announcement of ADS status. Respondents were also quite mixed in their opinions regarding the effects of commissioned shopping (notably an issue in Australia, a competitor already granted ADS) as well as the allocation of resources to promote Canada as a destination in the Chinese market.

The study rated the expected performance of Canada's main competitors for the Chinese market,

against an overall performance benchmark of Canada and its competitive markets. While Australia continues to under-perform in a few areas (in particular, the extent of commissioned shopping and the quality of tours), its overall rating suggests it provides the strongest environment for maximizing the growth potential of ADS visits.

By considering Australia's initial five-year performance after receiving ADS, as well as the latest Australian travel forecasts, projections were developed regarding the expected growth of Chinese visits to Canada once ADS is officially granted. The projections suggest that – under the most likely ADS scenario in Canada – overnight Chinese visits to this country would grow to 383,000 per year in 2015 and 665,000 per year in 2020.

The full report will be available at [CanadaTourism.com](http://CanadaTourism.com) **T**



# MC&IT 2006: Optimism and opportunity

by Andrew Walker

As reported in the November/December 2005 issue of *TOURISM Online*, every year the Dallas-based Meeting Professionals International (MPI), in partnership with American Express, conducts research on the state of the meetings, conventions and incentive travel (MC&IT) industry. *FutureWatch 2006 – A Comparative Outlook on the Global Business of Meetings* was released this past January, and the results are relevant not only to those in the MC&IT sector, but to the tourism industry as a whole.

New this year was the method by which respondents were classified. Although typically separated into two groups – planners and suppliers – it is far more accurate to further segment the industry into the following categories:

- **Client-side Planners**, consisting of corporate, association and government/non-profit planners;
- **Suppliers**, including convention/conference centres, convention and visitor bureaus, hotels/resorts, meeting facilities, production companies and related support services; and

- **Intermediaries**, comprised of independent meeting planners, third-party planners, multi-management companies, destination management companies and association management companies.

The survey received 1,268 responses, with 40% from client-side planners, 40% from suppliers and 20% from intermediaries.

## Continued market growth

Building on the results of last year's survey, the meeting industry is expected to grow in 2006, including the number of meetings planned, the expenditure per meeting, the number of attendees and the duration of each event. Indeed, intermediaries and suppliers expected an increase in the amount of proposal activity to support this rise in demand. Client-side planners anticipated longer lead times (which everyone will appreciate), but also realize that as demand increases, supply will decrease and rates will likely rise in turn. As consolation, 42% of planners said they expected to receive a larger piece of their organization's budget in 2006, while only 8% felt their share would decrease.

## Decline in international travel

Contrary to the results of *FutureWatch 2005*, only European respondents felt they would see an increase in international meetings. American planners projected little change, and cited Canada and Europe as their top international destinations (5% each). More interesting is the response of Canadian planners, who predicted a decrease in the number of international meetings (14% in 2006 versus 23% in 2005). Although the US remains the top draw outside Canada, only 7% plan to hold their meetings there (down from 16% in 2005). This means more business for Canadian suppliers, including hotels, convention centres and other meeting and event venues. Indeed, when asked about expected facility usage in 2006, Canadian planners and intermediaries expected 38% of meetings to be held in city hotels, 16% in resort hotels, 14% in restaurants, country clubs and other unique venues, 13% in convention centres, 12% in conference centres and universities and 7% in suburban hotels.

## Internal/organizational and external/environmental trends

Client-side planners were asked to address the internal trends that would have the greatest impact on their roles within their organizations, and the number one factor across the board (US, Canada and

Europe) was workload (16.9%), followed by changes in organizational budget (15.7%) and shifting organizational goals and strategies (15.4%). Despite the growing concern of commoditization in 2005, only 3.1% of planners predicted this to be a major issue in the year ahead. When asked about external or environmental trends affecting the meetings sector, 18.5% of all respondents cited the economy, followed by travel costs (16.1%) and the increasing price of oil (11.3%).

Other findings included the ever increasing recognition of the strategic function of meeting planning within organizations, in addition to the evolving role of procurement, outsourcing and return on investment (ROI) methodologies. On the whole, the MC&IT forecast for the coming year appears to be cautiously optimistic. Tourism suppliers across Canada that recognize the importance of this sector will no doubt be able to reap the benefits from the many MC&IT business opportunities that should arise in 2006.

For a closer look at the *FutureWatch 2006* report, please visit [www.mpiweb.org](http://www.mpiweb.org) and click on the Research and Publications link.

Andrew Walker is sales coordinator at Advance Group, a third-party (intermediary) conference management company based in Vancouver. **T**

## Reaching a higher level: MC&IT marketing

Few markets are as competitive – or difficult to “crack” – as the meeting, convention and incentive travel (MC&IT) market in the US. Border issues, currency rates and simple economics do little to clarify an already muddled situation. In an effort to hurdle some of these obstacles, the Canadian Tourism Commission's (CTC) US office has successfully established a working relationship between the American Society of Association Executives' (ASAE), itself and its partners. The 25,000 members of ASAE are among the most influential decision-makers when it comes to meeting and convention travel in North America and afford a highly valuable customer network.

“The elements of sales have changed,” advises Ava Sones, of the CTC's Washington, DC office. “The ultimate goal will always be to generate leads, but now with our latest strategy we're focusing on building a relationship, and using that relationship as a platform for ourselves and our partners to work from.” In order to accomplish this, the CTC actively sought to become a strategic partner with the ASAE on its signature events: the Nation's Capital Distinguished Speakers Series, Great Ideas Conference and the Heart and Soul Gala.

These events share similar themes: professional development, education and forward thinking. For example, the 2006 program's first speaker was Bono, (Nobel Peace Prize Award nominee and lead singer of U2) speaking about the impact one can have on the world by choosing to live a more involved and purposeful life. Most recently, the Great Ideas Conference provided an opportunity for leaders in the association field to meet and discuss common problems and possible solutions, using creativity and teamwork.

Recognizing the potential of this strategy, Tourisme Montréal, Tourism Toronto, Travel Alberta, and Fairmont Hotels and Resorts have signed on as partners with the CTC. “These events are about access; in a market that is so competitive it can be extremely difficult to reach an audience like we have with ASAE. These are busy people, inundated with travel opportunities and invitations,” says Sones. “Through our educational or professional development conferences we can build a relationship. We – and our partners – have exclusive access to this market, having experienced something, learning, together.”

“When the partners come to DC on sales missions each year, they are a step ahead,” Sones continues. “Having participated gives them a foot in the door when contacting this market. These are decision-makers and any advantage you have is a good one in this competitive environment.” At present the partners are responsible for their own lead and sales tracking although the CTC is developing a set of metrics to determine the return on investment.

In addition to the ASAE Signature events, the CTC is hosting a Future Leaders Conference in June 2006 which will put *Canada. Keep Exploring* in front of an audience of soon-to-be company and association executives. Two weeks later (June 15), the CTC will present three Explorer Awards at the ASAE Invitational Forum on Leadership and Management in Halifax Nova Scotia. **T**





## Sport tourism: turning gold into money

### PRODUCT DEVELOPMENT

In the Dark Ages, alchemists were able to make a decent living. Those ruling at the time were a greedy bunch and would employ alchemists to find a way to transform a common metal – usually lead or copper – into a far more valuable material: gold. Certainly no means to do this was ever found and the practice of alchemy has since faded into oblivion. Now, with the close of the 2006 Torino Olympics, it appears that their services may once again be in demand.

The Canadian contingent had a magnificent showing in Torino: third in the total medal count with 24, an additional 21 athletes finishing just off the podium in fourth or fifth, and holding bragging rights as the most diverse nation in winter sport, earning medals in more disciplines than any other nation. The challenge for tourism alchemists over the next four years is not to make gold from common elements but to reverse the process, transforming Olympic gold into something even more precious – visitor arrivals to Canada.

This too, is no easy task since the connection between athletic achievement and tourism is not plainly evident. "Sport and tourism are driven by different goals. Athletics, and events like the Olympics, are traditionally performance-driven," explains Rick Traer, CEO of the Canadian Sport Tourism Alliance (CSTA). "Above all the success of athletes in their particular discipline is the primary concern; tourism on the other hand, is a commercial industry, and as such is profit driven."

Despite this, there will always be a point at which the achievements in one field will have an effect on the other, and in the afterglow of our most successful winter medal haul, tourism minds across the country are starting to see the connection: Traer reports that membership in the CSTA continues to grow at a rapid rate, with marketing organizations, sports associations and industry groups signing on. "It's a good thing for our organization, yes, but it points to the fact people are realizing how complementary

the two aspects can be. When Vancouver / Whistler won the 2010 Games it opened a lot of eyes."

Now in terms of turning athletic achievement into market success, it's all about awareness. Canada's women speed skaters (among others) accomplished a great deal in Torino. Their time on the podium in front of thousands of fans and millions of television viewers showed the world just how great a speed skating venue Canada really is. So good, in fact, that the men's gold medallist, an American skater, credits the Calgary facility in part for his medal. Now does this mean that throngs of visitors will be flocking to the Calgary Olympic Oval for their chance at greatness? Certainly not – but it will attract athletes, and with athletes come cameras, coaches and crowds.

As a future Olympic host, Canada's ability to attract these competitions has risen dramatically – even outside of the BC Lower Mainland. Rob Bernhardt, chief of competition for the 2005 Viessman FIS World Cup near Vernon in the BC interior, is convinced of the benefits of attracting international competitions. "Hosting the World Cup of cross-country skiing in December was not only good economically for our region, but it also galvanized our community," he explains in a press release. "Nearly 700 volunteers gave freely of their time and expertise, and more than 4,000 people came out to watch and support the athletes." Not to mention the television audience and newspaper headlines!

BC is on the cutting edge of sport tourism marketing. The western province has a great deal riding on the 2010 Games and has been working feverishly to make sure everything is in place. "BC is looking great" says Traer, "and really seems to be doing everything it can to make the most of this; *HostingBC.ca* is a great example."

The program to which Traer refers is a relatively new venture of Tourism BC, the BC Ministry of Tourism, Sport and the Arts, and 2010 Legacies Now (a non-profit organization) entitled the *BC Sport Event Hosting and Resort Guide*, intended as a "one-stop shopping" resource for



Vancouver's Mayor, Sam Sullivan, waves the Olympic flag during the closing ceremonies.

those interested in hosting a sports event in the province. The guide is a comprehensive web-based database with information on resorts, sport facilities and communities. Site visitors can search by sport, facility, resort or community to find locations, amenities, descriptions and contact information.

"A support system like *HostingBC* should become commonplace as we move towards 2010. The athletes and coaches will be visiting and training in order to familiarize themselves with the venues and acclimatize to a new environment before the big event. This is a great tool for selling destinations." Although Traer was unaware of another province with a similar project, he maintains that it is all worthwhile, as Canada is earmarked to host a number of large events in the years preceding 2010. The *HostingBC* site is presently limited to winter sports but the tool is being expanded to cover both sporting seasons.

Although the Olympics themselves will focus a great deal of attention on the Lower Mainland, those naysayers who are worried about being left out are well-advised to open

their eyes – and their minds – to the possibilities elsewhere. Canada has hosted two Olympics in the past, and has world-class training facilities and competition venues across the country. Whether it's Brad Gushue bringing curling gold to Newfoundland, or all that speed skating hardware coming home to Montréal, with each accomplishment comes media attention. The Olympic organizing committee has pledged that the venues will be completed a full two years ahead of time, allowing for early competition and training, and under the "Own the Podium" program Canadian athletes will be better supported than ever before – regardless of what province they compete or train in.

Canadian cities outside of the Olympic locales of Montréal, Calgary and now Vancouver are bidding and winning the rights to host major events sporting events. The Olympics are not the be-all and end-all of sport, and with careful preparation and hard work the opportunities exist for every destination to profit from sport tourism. **T**

### CTC monitoring global health issues

In a global economy, people are not the only tourists; the fluid traffic of people on a global level has become another vector for the transmission of disease.

As Canada's national marketing organization, the Canadian Tourism Commission (CTC) is continually monitoring global conditions that could impact – for better or for worse – the flow of tourists to this country. In the case of disease outbreaks here – as with SARS – or potentially serious outbreaks showing up in other countries that could impact tourism here, the CTC stays abreast of any threats and will keep the industry informed of potential impacts to our industry and in our markets. Information will be posted on [www.canadatourism.com](http://www.canadatourism.com) as needed, and updates will be highlighted on the *TOURISM Daily*. **T**



# FINA dissected

The XI FINA World Championships (aquatics) were held in Montréal from July 16 – 31, 2005. There was considerable early debate over the value of the Championships as well as concern over Montréal's ability to host the event after the financial commitment required by FINA was in question. Having settled these lingering doubts (and winning back its hosting rights) Montréal launched the Championships with great economic success, proving once again the value of sporting events to the tourism sector (among others). A breakdown of the Championships follows:

- This is a bi-annual event, previously held in Barcelona, Spain and Fukuoka, Japan.
- Over 3,200 athletes and coaches attended the Montréal event, from a total of 145 countries.
- Teams ranged in size from one member (St. Vincent and Grenadines) to a delegation of 185 (US).
- 106,793 spectators attended; 24,500 came from outside Montréal.

Among the athletes:

- Average length of stay: 9.3 nights
- Age Profile: Under 19 (14%), 20 – 44 (81%), 45+ (5%)
- Origin: Canada (5%), USA (6%), other international (89%)
- Distance travelled (among Canadians): Montréal (32%), 80km-320km (14%), inter-provincial (53%)
- Percentage in commercial accommodation: 100%

Spectator spending varied a great deal, depending on the distance travelled to attend the event. International visitors did make the most of their visits, extending their stays well beyond their particular events and staying an average of 9 nights, roughly double that of the next category (inter-provincial, 4.9 nights).

In total, the combined expenditure of the organizing committee's operations budget, construction costs, and the estimated expenditure of visitors to the FINA World Championships totalled more than \$75.3 million, generating an estimated \$181.2 million in economic

activity for the province, most of which (\$136.8 million) occurred in Montréal. This spending in turn generated \$36.8 million in wages and salaries in the city and a further \$11.7 million in the rest of the province. Spectators, volunteers and organizers alike helped to boost tax revenues by more than \$29 million (\$13.7 million provincial, \$12.1 million federal, and \$3.3 municipal).

The two-week event also supported 1,490 jobs in Montréal and a further 484 in the rest of the province. The majority of jobs were found in the service sector (692), retail trade (492), or manufacturing (294). As neither service sector nor retail trade jobs are mobile, nearly all of the benefits from these sectors accrued to the City of Montréal.

The service sector was the largest beneficiary of the World Championships in terms of net economic impact, (\$21 million) followed by the retail, manufacturing and construction sectors (\$12.6 million, \$10.9 million and \$9.4 million, respectively).

Average spending (per party) by distance travelled:



*The Canadian Sport Tourism Alliance (CSTA) along with Sport Canada and the Aquatic Federation of Canada (AFC) determined the estimated economic impact of the XI FINA World Championships using the Sport Tourism Economic Assessment Model (STEAM); a tool available to CSTA members. For the complete report visit: [www.canadiansporttourism.com](http://www.canadiansporttourism.com)*

## Industry leads Olympic planning

As Canada begins the four-year countdown to the 2010 Winter Games in Vancouver-Whistler, the Canadian tourism industry as a whole is looking for ways to realize the Games' tremendous tourism potential. The Tourism Industry Association of Canada (TIAC) and the Canadian Sport Tourism Alliance (CSTA) are leading an initiative to leverage the global attention the Games will focus on Canada in order to increase visitation in the years before and after 2010.

In July 2004, TIAC released a discussion paper called *2010 Olympics – A Call to Action for the Canadian Tourism Industry*. In February 2005, the two organizations formed a steering committee to facilitate collective action, co-chaired by TIAC president and CEO Randy Williams and CSTA president Rick Traer and bringing together senior tourism representatives from the private and public tourism sectors. "The 2010 Tourism Steering Committee (TSC) has a focused mandate that runs until February 2010," says Williams, "to establish and guide the successful implementation of action plans that maximize... the tourism benefits for Canada of the 2010 Winter Olympic and Paralympic Games."

The TSC hosted a forum in December 2005 in Calgary that determined that Canada's considerable strengths – including a strong destination brand, an excellent international hosting reputation and the fact that the sport and tourism communities are already working together – will enable the industry to take advantage of a range of opportunities. Williams pointed out in his regular column (*TOURISM Online*, March 2006) that despite the country's strengths "we must remain cognizant of the challenges posed by the absence of a national tourism strategy and of a national marketing strategy around 2010, not to mention a fairly tight timeline."

"Communications within the tourism and sport communities, as well as through the domestic and international media, will be critical," notes Williams. "We must harness the high levels of coverage the Games will

generate in order to persuade viewers, listeners and readers around the world to choose Canada as a travel destination. And our message must be backed up with the products and services they want: cultural (particularly Aboriginal), tourism and sport tourism are obvious candidates for product development."

A report has been prepared on the 2010 Sport and Tourism Forum and is being examined by the TSC, which will soon be determining the next steps in the relationship and partnership-building that is needed to make the Canadian tourism industry's Olympic vision a reality. "As we look ahead to the Vancouver-Whistler Winter Olympic and Paralympic Games, we should also keep in mind the lessons of the past." Williams concludes: "As Frank King reminded forum participants, it's up to us to harness the incredible power of the Olympic brand. And John Morse – who pointed out the Australian government's mistaken belief that (once the 2000 Summer Games were over) all Australia had to do was sit back and wait – encouraged Canadian stakeholders to view 2010 as a marathon and not a short race."

## ... only in the Online!

The number of US travellers with internet access has grown 256% in the last decade; have you adjusted your business or marketing strategy?

The April issue of *TOURISM Online* will be presenting both sides of the e-commerce story with Jens Thraenhart and Anna Pollock providing insight from marketing and planning standpoints.

And you can find it ... *only in the Online!*

All the articles in this bi-monthly magazine are available in corresponding editions of the monthly *TOURISM Online* ([www.canadatourism.com](http://www.canadatourism.com)). In many cases, the Online versions have more detail, complete with useful and relevant internet links. We hope our readers will continue to make full use of the added resources we are able to provide.



# Guy Lamarche, Eagle's Earth

## MOVER AND SHAKER

*A brand new development, Eagle's Earth Cree and Ojibway Historical Centre, is breaking ground in aboriginal tourism in North America. Located roughly 45-minutes from the town of Hearst in northeastern Ontario, the development is operated by the Constance Lake First Nation and features an 11,000 square foot experience centre, a village, and a 40-seat restaurant and store on 102 hectares of land. Overnight accommodation is provided along the shores of the Shekak River in fully-accessible cabins, teepees and tent or RV spaces.*

*Set to open its doors on July 31, 2006, the facility has already exceeded expectations for the first year, with bookings running well past the intended seasonal close of September 4. Guy Lamarche, director of operations, sales and marketing, is hoping Eagle's Earth will be the crowning achievement in his 17-year career in aboriginal tourism and destination marketing. TOURISM spoke to him in early March:*

**TOURISM:** *Why Eagle's Earth? Why now?*

**Lamarche:** The demand is there; people want authentic experiences regardless of the product, not just in the aboriginal sector. I've been in tourism for many years, much of that spent in aboriginal tourism and I can honestly say that something like this is long overdue.

The province, the municipality and the federal government have thrown their support behind the project, as well as the First Nations and local communities. It is exciting to have been able to see the project from its infancy, and it provides a much-needed shot of economic activity into the community and region in Northern Ontario.

**TOURISM:** *So, it's certainly a busy year for you. From the looks of things the development has managed to find its niche, although the actual products will hold appeal across many market segments. How do you incorporate this into your marketing activities and how is this ringing with your customers?*

**Lamarche:** We're off to a great start in terms of bookings for 2006, so much so that we're looking into expanding



operations into a four-season attraction – at least in some capacity – if the interest is there. The Canadian receptives are certainly excited about it as you can tell from our early reservations, and FIT bookings are strong so far. We're also seeing interest from conference and business groups domestically.

Eagle's Earth is unique in North America as an aboriginal tourism product, but through our partnerships we've become much more than that. Depending on the market we are trying to reach, the messages may change just slightly. We're able to offer summer activities through the local operators here – rafting, fishing, and aerial tours – that could be considered soft adventure or outdoors sector as well.

**TOURISM:** *What makes Eagle's Earth stand out in the face of competition from around the globe? How do you plan to differentiate your product?*

**Lamarche:** Authenticity is certainly a must, but it is one thing to claim "authentic" and another to actually provide it. This area (Nagagamis Plateau) is one of a handful recognized by the provincial and federal governments for their ecological and archaeological significance. There have been over 50 sites identified as "pre-historical", and carbon dating of artefacts proves habitation for more than 7000 years. Most of our competition in aboriginal tourism focuses on the post-contact (European) contact; that is not our goal here.

In starting from ground zero, like we have with Eagle's Earth, there is an opportunity to instil the right set of values and goals for the organization and the employees. We have the luxury of adhering to, and learning from, best practices that are already out there; that has given us a leg up, so to speak, from the very beginning.

**TOURISM:** *Thank-you Guy, for your time. Best wishes for season one, and we'll check back for an update early next year. 7*

## Tourism

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